



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 5

77 WEST JACKSON BOULEVARD

CHICAGO, IL 60604-3590

MAR 30 2009

REPLY TO THE ATTENTION OF:

AE-17J

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Randy Yaroch
Energy Plant Manager
Sanimax Energy Inc.
605 Bassett Street
DeForest, Wisconsin 53532

RE: Finding of Violation issued to Sanimax Energy, Inc.

Dear Mr. Yaroch:

This is to advise you that the U.S. Environmental Protection Agency has determined that Sanimax Energy Inc.'s facility at 605 Bassett Street, DeForest, Wisconsin is in violation of the Clean Air Act (the Act). We are today issuing you a Finding of Violation (FOV) for these violations.

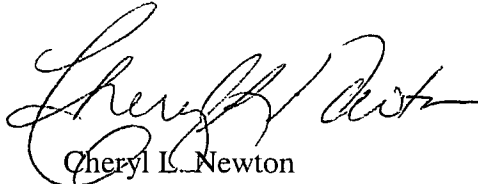
The Act requires the development of standards for emissions of volatile organic compounds (VOCs) to protect the public health and welfare. EPA has promulgated New Source Performance Standards (NSPS) to address VOC emissions. As discussed more fully in the enclosed FOV, Sanimax is subject to and in violation of, the New Source Performance Standards: Standards of Performance for VOC Emissions from Synthetic Organic Chemical Manufacturing Industry Distillation Operations, 40 C.F.R. Part 60, Subpart NNN and Standards of Performance for Equipment Leaks of VOC, 40 C.F.R. Part 60, Subpart VV.

We are offering you the opportunity to request a conference with us about the violations alleged in the FOV. This conference will give you an opportunity to present information on the specific findings of violation, any efforts you have taken to comply, and the steps you will take to prevent future violations. Please plan for your facility's technical and management personnel to take part in these discussions. You may have an attorney represent you at this conference.

You may contact Michelle Heger at (312) 886-4510 to request a conference. You should make the request within 10 calendar days following receipt of this letter. We should hold any conference within 30 calendar days following receipt of this letter.

You may contact Michelle Heger at (312) 886-4510 to request a conference. You should make the request within 10 calendar days following receipt of this letter. We should hold any conference within 30 calendar days following receipt of this letter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Cheryl L. Newton".

Cheryl L. Newton
Director
Air and Radiation Division

Enclosure

cc: Eileen Pierce
South Central Regional Leader
Wisconsin Department of Natural Resources

**United States Environmental Protection Agency
Region 5**

IN THE MATTER OF:)	
Sanimax Energy, Inc.)	FINDING OF VIOLATION
Proceedings Pursuant to)	EPA-5-09-WI-07
the Clean Air Act,)	
42 U.S.C. §§ 7401 <u>et seq.</u>)	
)	
)	

FINDING OF VIOLATION

The U.S. Environmental Protection Agency is sending you this Finding of Violation (Notice) to notify you that we have found that Sanimax Energy, Inc. (you or Sanimax) is violating Section 111 of the Clean Air Act (the Act), 42 U.S.C. § 7411, and its implementing regulations for New Source Performance Standards (NSPS) for Volatile Organic Compound Emissions from Synthetic Organic Chemical Manufacturing Industry Distillation Operations at 40 C.F.R. Part 60, Subpart NNN, and the New Source Performance Standards for Volatile Organic Compound Emissions from Equipment Leaks at 40 C.F.R. Part 60, Subpart VV, at its biodiesel facility at 605 Bassett Street, DeForest, Wisconsin.

A. STATUTORY AND REGULATORY BACKGROUND

NSPS Subpart NNN

1. On June 29, 1990, EPA promulgated the National Emission Standards for Volatile Organic Compound Emissions from Synthetic Organic Chemical Manufacturing Industry Distillation Operations (SOCMI) at 40 C.F.R. Part 60, Subpart NNN (Subpart NNN) (55 Fed. Reg. 26942).
2. 40 C.F.R. § 60.660(a) of Subpart NNN states that the provisions of this subpart apply to each affected facility designated in 40 C.F.R. § 60.660(b) that is part of a process unit that produces any of the chemicals listed in 40 C.F.R. § 60.667 as a product, co-product, by-product, or intermediate, except as provided in 40 C.F.R. § 60.660(c).
3. 40 C.F.R. § 60.660(b) of Subpart NNN states that an affected facility is any of the following for which construction, modification, or reconstruction began after December 30, 1983:

- a. each distillation unit not discharging its vent stream into a recovery system.
 - b. each combination of a distillation unit and the recovery system into which its vent stream is discharged.
 - c. each combination of two or more distillation units and the common recovery system into which their vent streams are discharged.
4. 40 C.F.R. § 60.660(c)(4) of Subpart NNN provides exemptions from the provisions of 40 C.F.R. § 60.660(a) to each affected facility that has a total resource effectiveness (TRE) index value greater than 8.0, except for 40 C.F.R. §§ 60.662; 60.664 (d), (e), and (f); and 60.665 (h) and (l).
5. 40 C.F.R. § 60.662 of Subpart NNN requires that an owner or operator of an affected facility shall comply with one of the following for each vent stream on and after the date on which the initial performance test is completed, but not later than 60 days after achieving the maximum production rate at which the affected facility will be operated, or 180 days after the initial start-up, whichever date comes first:
 - a. reduce emissions of TOC (less methane and ethane) by 98 weight-percent, or to a TOC (less methane and ethane) concentration of 20 ppmv, on a dry basis corrected to 3 percent oxygen; or
 - b. combust the emissions in a flare; or
 - c. maintain a TRE index value greater than 1.0 without use of VOC emission control devices.
6. 40 C.F.R. § 60.664(e) of Subpart NNN requires that an owner or operator of a SOCFI distillation unit use the specified test methods for determining the process vent stream TRE index value to demonstrate compliance with the Subpart NNN emission standards at 40 C.F.R. § 60.662(c).
7. 40 C.F.R. § 60.664(f) of Subpart NNN requires that an owner or operator of a SOCFI distillation unit with a nonhalogenated vent stream determine the TRE index value by calculating values using both the incinerator equation in (f)(1) and the flare equation in (f)(2) specified in this section and selecting the lower of the two values for purposes of complying with 40 C.F.R. § 60.662(c).
8. 40 C.F.R. § 60.665(h) of Subpart NNN requires that an owner or operator of an affected facility seeking to demonstrate compliance with 40 C.F.R. § 60.662(c) shall keep up-to-date, readily accessible records of: (1) any changes in production capacity,

feedstock type, or catalyst type, or of any replacement, removal or addition of recovery equipment or a distillation unit; and (2) any recalculation of the TRE index value performed pursuant to 40 C.F.R. § 60.664(f).

9. 40 C.F.R. § 60.665(l) of Subpart NNN states that each owner or operator that seeks to comply with the requirements of Subpart NNN by complying with the requirements of 40 C.F.R. § 60.660 (c)(4), shall submit to the Administrator semiannual reports. The initial report shall be submitted within 6 months after the initial start-up date.

NSPS Subpart VV

10. On October 18, 1983, U.S. EPA promulgated the Standards of Performance For Equipment Leaks of VOC in the Synthetic Organic Chemicals Manufacturing Industry for which Construction, Reconstruction, or Modification Commenced After January 5, 1981, and on or before November 7, 2006 at 40 C.F.R. Part 60, Subpart VV (Subpart VV) (48 Fed. Reg. 48335).
11. 40 C.F.R. § 60.480(a)(1) of Subpart VV states that the provisions of this subpart apply to affected facilities in the synthetic organic chemicals manufacturing industry.
12. Under 40 C.F.R. § 60.480(a)(2) of Subpart VV an affected facility is the group of all equipment in VOC service within a process unit, including those defined in 40 C.F.R. § 60.481.
13. 40 C.F.R. § 60.480(b) of Subpart VV states that any affected facility under 40 C.F.R. § 60.480(a) that commences construction, reconstruction, or modification after January 5, 1981, and on or before November 7, 2006, is subject to the requirements of 40 C.F.R. Part 60, Subpart VV.
14. 40 C.F.R. § 60.481 of Subpart VV defines “equipment” as each pump, compressor, pressure relief device, sampling connection system, open-ended valve or line, valve, and flange or other connector in VOC service and any devices or systems required by Subpart VV.
15. 40 C.F.R. § 60.482-1(a) of Subpart VV requires that each owner or operator of an affected facility shall demonstrate compliance with the requirements of 40 C.F.R. §§ 60.482-1 through 60.482-10 or 40 C.F.R. § 60.480(e) for all equipment within 180 days of initial startup.
16. 40 C.F.R. § 60.485 of Subpart VV requires that each owner or operator of an affected facility shall determine compliance with the standards in 40 C.F.R. §§ 60.482-1 through 60.482-10 using the specified leak detection methods.

17. 40 C.F.R. § 60.486 of Subpart VV requires that each owner or operator of an affected facility maintain records of each leak detected as specified in 40 C.F.R. §§ 60.486(b) – 60.487(j).
18. 40 C.F.R. § 60.487(a) of Subpart VV requires that each owner or operator of an affected facility shall submit semiannual reports to the Administrator beginning six months after the initial startup date.

B. FACTUAL BACKGROUND

19. Sanimax owns and operates a commercial grade biodiesel fuel production facility located in DeForest, Wisconsin (the facility).
20. Sanimax is a “person,” as that term is defined in Section 302(e) of the Act, 42 U.S.C. § 7602(e).
21. Sanimax obtained an air pollution control permit for construction of its biodiesel production facility on November 18, 2005 from the Wisconsin Department of Natural Resources (WDNR).
22. Sanimax applied for an air pollution control operating permit October 31, 2006, with additional information submitted on November 15, 2006, and January 10, 2007. The application was for the operation of a facility to produce commercial grade biodiesel fuel.
23. WDNR issued an air pollution control operation permit (Permit No. 113319250-F02) for the facility on April 2, 2007.
24. The facility began operating in April 2007.

NSPS Subpart NNN

25. The Sanimax facility’s operating permit (Permit No. 113319250-F02) states “*the source is not subject to the New Source Performance Standards . . . 40 C.F.R. Part 60, Subpart NNN . . . because the Reactor Processes are operated on a batch basis.*”
26. From at least April 2007 through the present, Sanimax has operated a continuous process at the facility.
27. At the facility, Sanimax produces both acetic acid and methanol from the listed chemicals in 40 C.F.R. § 60.667 as product, co-product, by-product, or intermediate in its biodiesel production process.

28. As part of its biodiesel operation's gas recovery system, Sanimax operates 3 distillation units (one biodiesel distillation unit and two glycerine distillation units). Each distillation unit vents to the methanol distillation recovery unit which includes the methanol distillation column. Each combination of a distillation unit and the methanol recovery system into which its vent stream is discharged as well as the methanol distillation unit itself are subject to 40 C.F.R. Part 60, Subpart NNN, and are affected facilities as defined in 40 C.F.R. § 60.660(b).
29. Sanimax calculated a TRE index value of its vent stream of 121.30.
30. Sanimax is subject to 40 C.F.R. Part 60, Subpart NNN §§ 60.662; 60.664 (d), (e), and (f); and 60.665 (h) and (l) as required by the exemption in § 60.660(c)(4).

NSPS Subpart VV

31. The facility's operating permit states "[t]he facility is subject to...40 CFR subpart VV."
32. From at least April 2007, Sanimax has operated a group of equipment in VOC service defined in 40 C.F.R. § 60.481 as an affected facility.

C. FINDING OF VIOLATIONS

NSPS Subpart NNN

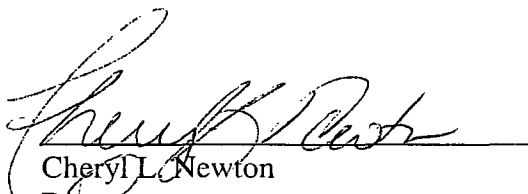
33. Sanimax operates distillation units which are affected facilities subject to 40 C.F.R. Part 60, Subpart NNN.
34. From at least April 2007 to present, Sanimax has failed to use the test methods specified in 40 C.F.R. § 60.664(e) for determining the process vent stream TRE index value to demonstrate compliance with 40 C.F.R. § 60.662(c).
35. From at least April 2007 through the present, Sanimax has failed to use the equations required in 40 C.F.R. § 60.665(f) to calculate the process vent stream TRE index value to demonstrate compliance with 40 C.F.R. § 60.662(c).
36. From at least April 2007 through the present, Sanimax has not kept up-to-date, readily accessible records as required in 40 C.F.R. § 60.665(h).
37. From at least April 2007 through the present, Sanimax has failed to submit to the Administrator semiannual reports and the initial report which is to be submitted within 6 months after the initial start-up-date as required under 40 C.F.R. § 60.665(l).

38. Sanimax's failure to comply with the requirements of the NSPS is a violation of Section 111 of the Act, 42 U.S.C. § 7411, and the implementing regulations at 40 C.F.R. Part 60, Subpart NNN.

NSPS Subpart VV

39. Sanimax operates equipment defined as an affected facility subject to 40 C.F.R. Part 60, Subpart VV.
40. From at least April 2007 through the present, Sanimax has failed to comply with the leak detection and repair requirements of 40 C.F.R. §§ 60.482-1 through 60.482-10 or 40 C.F.R. § 60.480(e) for all equipment within 180 days of initial startup.
41. From at least April 2007 through the present, Sanimax has failed to perform equipment leak detection and repair using the leak detection methods required in 40 C.F.R. § 60.485.
42. From at least April 2007 through the present, Sanimax has failed to comply with the recordkeeping requirements required in 40 C.F.R. § 60.486.
43. From at least April 2007 through the present, Sanimax has failed to comply with the reporting requirements of 40 C.F.R. § 60.487.
44. From at least April 2007 through the present, Sanimax has failed to demonstrate compliance with the provisions of 40 C.F.R. Part 60, Subpart VV as specified in its current operating permit, No. 113319250-F02, expiring April 2, 2012.
45. Sanimax's failure to comply with the requirements of the NSPS is a violation of Section 111 of the Act, 42 U.S.C. § 7411 and the implementing regulations at 40 C.F.R. Part 60, Subpart VV.

Dated: 3/30/09


Cheryl L. Newton
Director
Air and Radiation Division

CERTIFICATE OF MAILING

I, Betty Williams, certify that I sent a Finding of Violation, No. EPA-5-09-WI-07, by Certified Mail, Return Receipt Requested, to:

Randy Yaroach
Energy Plant Manager
Sanimax Energy Inc.
605 Bassett Street
DeForest, Wisconsin 53532

I also certify that I sent copies of the Finding of Violation by first class mail to:

Eileen Pierce
South Central Regional Leader
Wisconsin Department of Natural Resources
3911 Fish Hatchery Road
Madison, WI 53711

on this 31st day of March, 2009

CERTIFIED MAIL RECEIPT NUMBER: 7001 0320 0006 0186 0842



Betty Williams
Administrative Program Assistant
AECAS (IL/IN)

